

MSI Webinar:

Do Offline and Online Go Hand in Hand? Cross-Channel and Synergy Effects of Direct Mailing and Display Advertising.

November 22, 2022

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Speakers:

Peter C. Verhoef - *Professor of Customer Based Marketing, University of Groningen*

Lara Lobschat - *Assistant Professor of Marketing, Maastricht University*

Summary:

In this MSI Webinar, presenters Laura Lobschat (Maastricht University) and Peter C. Verhoef (University of Groningen) explored the beneficial effects of cross-channel marketing by leveraging direct mailing in conjunction with online display advertising. As reported in their MSI working paper on this topic, the speakers examined data from two car insurance-based experimental studies to understand the significance of employing direct mail in concert with display advertising and how that affected consumer behavior and the purchase journey both on and offline. The first study considered how direct mailing affected "consumer responses in the different stages of the search-purchase funnel" and how these effects developed over time. Study two considered how direct mailing worked "together with display advertising (synergy effect)" and how that "potential synergy effect" developed "throughout the search-purchase funnel." Results from the experiments indicated that direct mailing coupled with online display advertising was overall beneficial.

Takeaways

Does Traditional Marketing Still Play a Role?

- The largest share of advertising and marketing efforts as of 2021 is digitally based with only 28% going to more traditional media such as linear TV (18%) and other traditional media such as radio, print, OOH and direct mail (10%).
- **Key takeaways from study one** indicated that direct mailing impacted all funnel stages, had a positive net funnel effect and the direct mailing effect increased with time.

- "Receiving a direct mail seems to already fulfill consumers' needs for some further information" which may reduce response to subsequent messages.
- While direct mail may bring a topic to the forefront (in this case car insurance), results tended towards more generic searches on the topic and did not necessarily result in more brand searches.
- "The net effect of direct mailings on the number of purchases (i.e. overall effect including direct and indirect effects) is positive."
- "The positive effect of direct mail on purchases appears after two weeks."
- **Key takeaways from study two** indicated that direct mailing increased purchase behavior on its own and in combination with display advertising. In addition, direct mailing in combination with display advertising led to significantly increased purchases rather than relying on each campaign method individually.
 - Direct mailing positively impacts purchases on its own and in conjunction with display advertising, particularly with existing customers.
 - The joint effect of direct mailing and display advertising on the number of purchases is significantly larger compared to the sum of the individual effects of direct mailing and display advertising, suggesting that direct mailing and display advertising complement each other and can be used best together.
 - Some evidence points to the combination of direct mailing and display advertising as not only affecting the purchase stages of the funnel but also the upper stages (search and awareness).
- The return to more traditional forms of marketing and advertising such as direct mailing can help break through the digital clutter, "capitalize on consumers' trust in traditional advertising," address the decline of third-party cookies and "exploit the digital lift of traditional media."